

**MCBRIDE SHOPA & COMPANY, P.A.**

**CHRISTINA SCHOOL DISTRICT**

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

**JUNE 30, 2006**

**FIELDWORK END DATE: FEBRUARY 1, 2007**

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

Lillian M. Lowery, Ed. D  
Superintendent  
Christina School District  
600 N. Lombard Street.  
Wilmington, DE 19801

The Honorable Valerie A. Woodruff  
Secretary, Department of Education  
Townsend Building, Suite 2  
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We have performed the procedures enumerated below, which were agreed to by Christina School District, the Office of Auditor of Accounts, and the State of Delaware Department of Education. The procedures were performed solely to assist the specified parties in evaluating the School District's compliance with criteria from the State of Delaware Fixed Asset Policy Manual, the State of Delaware Department of Education Construction Technical Assistance Manual, the Delaware Code, and the State of Delaware Budget and Accounting Manual. Christina School District's management is responsible for compliance with those requirements.

This agreed-upon procedures attestation engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Determine if the School District's policies and procedures for identifying, tracking, and recording capital assets are adequate.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

2. Determine whether the School District's construction project records and files (current and prior fiscal years) are accurate.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

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3. Determine if expenditures are accurately stated and are made in accordance with the State Fixed Asset Policy Manual and the intent of the project scope mandated by the General Assembly, the Department of Education, and the Local Board of Education.

Our procedures disclosed two instances of noncompliance that resulted in findings and recommendations. See Appendix A, Schedule of Findings and Recommendations for Finding #06-01 and #06-02

4. Determine whether the School District's construction project records and files include only active construction projects as of June 30 of the CFY. Ensure that completed projects have been appropriately closed out of construction and added to the State Fixed Asset system.

Our procedures disclosed no instances of noncompliance that resulted in findings and recommendations.

5. Prepare the School District's Schedule of Construction Projects for Fiscal Year 2006.

*See Appendix C.*

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Christina School District management and Board Members and should not be used by those who have not agreed to the procedures and have not taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, Department of Finance, the State Treasurer's Office, and the Office of Auditor of Accounts.

Sincerely,

*McBride, Shogan & Co*

Wilmington, Delaware  
February 1, 2007

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# SCHEDULE OF FINDINGS & RECOMMENDATIONS

## APPENDIX A

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***Procedure Agreed Upon #3:***

Document an understanding of the School District's internal controls relating to construction, including the personnel responsible for financial transactions and management functions.

***Finding #06-01***

During our agreed-upon procedures, we examined 30 documents supporting transactions charged to the major capital project to determine whether the district internal controls were being performed as designed. It was noted that 21 of the 30 transactions did not have one of the two initials and signatures of the personnel responsible for authorizing the expenditures.

***Recommendation:***

We recommend that the district adopt a policy to ensure that the required signatures for authorizing the major capital expenditure are obtained prior to processing the transaction document. The benefits of this policy would be that the district is charged only for those expenditures that qualified district personnel has determined to be properly documented and supported by those with adequate knowledge of the major capital project.

***School District Response:***

The District will ensure that its internal control policies are being adhered to. The District is currently looking into the requirement that a program manager and the Facilities supervisor initials on all transactions charged to major construction projects. This requirement is a District internal control above the state required approval requirement.

***Finding #06-02***

During our agreed-upon procedures, we noted the GAAP Package document used by the district to accumulate the current year expenditures as of June 30, 2006 did not agree to the DFMS Report. We noted several instances where the amounts on the GAAP Package were materially different as noted below.

<u>Description per GAAP Package</u>	<u>Appropriation per DFMS</u>	<u>Balance per GAAP Package</u>	<u>Balance per DFMS</u>	<u>Difference (unfavorable)</u>
840 Pupil ES	7516	1,101,215	1,188,087	86,872
New MS	7532	1,134,656	1,136,093	1,437
Sterck School		108,106	0	(108,106)
Autism Expansion		771,767	0	(771,767)
Autism Expansion		<u>8,238</u>	<u>0</u>	<u>(8,238)</u>
Total		3,123,982	2,324,180	<u>(799,802)</u>
Balance per GAAP Package, unadjusted				<u>49,566,716</u>
Balance per DFMS				<u>48,766,914</u>

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# SCHEDULE OF FINDINGS & RECOMMENDATIONS

## APPENDIX A

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The differences appear to be caused by an incorrect amount entered on the GAAP Package that was not identified prior to our engagement. In addition, the Sterck School and the Autism Expansion projects should have been presented in a separate GAAP Package Report to facilitate the reconciliation of the GAAP Package to the DFMS Report. We further note the incorrect amount for the 840 Pupil ES, New MS, Sterck School and the Autism Expansion were reported to the State of Delaware Division of Accounting for inclusion in the state's external financial report. In addition, the reconciliation process could have been made more efficient if the GAAP Package excel spreadsheet contained the appropriation codes.

***Recommendation:***

We recommend that the district adopt a policy to ensure that the GAAP Package is reviewed and approved by the Finance department prior to being sent to the Division of Accounting. We further recommend that a separate GAAP Package is prepared for both the Sterck School and the Autism Expansion Project and that the appropriation codes be included in the GAAP Package excel spreadsheet.

***School District Response:***

The District will ensure that all appropriation codes are listed in the GAAP package to facilitate reconciliation to DFMS. Additionally, the district will perform a better review between the GAAP package and DFMS prior to submittal to the Division of Accounting. The district will follow up with the Division of Accounting as to the need for a separate GAAP package for Sterck School and the Autism Expansion Project.

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# SCHEDULE OF PRIOR YEAR FINDINGS

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## APPENDIX B

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The following schedule summarized the prior year findings and the status of the prior year findings.

Prior Year Finding	Recommendation	Status of Prior Year Finding
Finding #02-01	We recommended that the School District obtain the required documentation to close out the completed construction projects files. We further recommend that archival quality copies of the Architectural and Engineering drawings of the buildings be deposited with the Department of State.	<u>Implemented</u>

**Status Key:**  
Implemented

The concern has been addressed by implementing the original or an alternate corrective action.

Not Implemented

The corrective action has not been initiated

Partially Implemented

The corrective action has been initiated but is not complete and the auditor has reason to believe management fully intends to address the concern.

# SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

## Projects included in Construction Work in Progress in the State CAFR

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent as of 06/30/06
Bancroft Elementary	2004	559,300	-	559,300	163,848	310,523	474,371	84,929
Bancroft Elementary	2005	5,033,300	(100,000)	4,933,300	3,133,572	13,990	3,147,562	1,785,738
Newark High	2004	731,000	-	731,000	230,162	379,835	609,997	121,003
Newark High	2005	6,579,200	-	6,579,200	4,886,273	431,679	5,317,952	1,261,248
Glasgow High	2004	454,700	-	454,700	360,353	86,112	446,465	8,235
Glasgow High	2004	682,000	-	682,000	566,458	85	566,543	115,457
Pyle Elementary	2005	4,015,700	(250,000)	3,765,700	1,611,620	2,527,818	4,139,438	(373,738)
Brookside Elementary	2003	474,700	-	474,700	8,648	462,892	471,540	3,160
Brookside Elementary	2004	5,905,200	(170,000)	5,735,200	1,943,052	3,493,311	5,436,363	298,837
West Park Elementary	2003	514,300	(1,066)	513,234	-	513,234	513,234	-
West Park Elementary	2004	6,421,700	(277,117)	6,144,583	170,134	5,971,749	6,141,883	2,700
Kirk Middle	2003	439,500	-	439,500	4,459	434,457	438,916	584
Kirk Middle	2004	5,468,200	(50,000)	5,418,200	666,761	4,740,987	5,407,748	10,452
Pulaski Elementary	2003	275,300	-	275,300	42,598	232,702	275,300	-
Pulaski Elementary	2004	3,424,300	(783,000)	2,641,300	397,163	2,095,191	2,492,354	148,946



# SCHEDULE OF CONSTRUCTION PROJECTS

APPENDIX C

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent as of 06/30/06
Palmer Elementary	2003	158,700	-	158,700	7,375	145,449	152,824	5,876
Palmer Elementary	2004	1,974,200	596,183	2,570,383	1,278,676	891,651	2,170,327	400,056
Porter Road Elementary	2003	927,000	-	927,000	34,087	1,000	35,087	891,913
Porter Road Elementary	2003	1,107,300	-	1,107,300	743,868	161,040	904,908	202,392
Porter Road Elementary	2005	3,751,700	-	3,751,700	1,188,087	2,410,847	3,598,934	152,766
Porter Road Elementary	2005	1,974,100	-	1,974,100	36,157	2,196	38,353	1,935,747
Porter Road Elementary	2006	8,049,800	-	8,049,800	1,618,150	-	1,618,150	6,431,650
Astro Middle	2003	1,442,000	-	1,442,000	-	1,442,000	1,442,000	-
Astro Middle	2004	1,892,800	-	1,892,800	641,575	77,360	718,935	1,173,865
Astro Middle	2005	5,516,700	-	5,516,700	150	3,038,622	3,038,772	2,477,928
Astro Middle	2005	2,362,400	-	2,362,400	1,136,093	-	1,136,093	1,226,307
Astro Middle	2006	11,519,100	-	11,519,100	6,217,540	-	6,217,540	5,301,560
Jones Elementary	2003	472,700	-	472,700	15,969	456,668	472,637	63
Jones Elementary	2004	5,879,800	485,000	6,364,800	192,814	5,717,487	5,910,301	454,499
Smith Elementary	2004	938,000	-	938,000	217,163	584,351	801,514	136,486
Smith Elementary	2005	8,441,500	250,000	8,691,500	7,485,305	124,410	7,609,715	1,081,785
Gallagher Elementary	2004	673,800	-	673,800	81,744	515,828	597,572	76,228
Gallagher Elementary	2005	6,064,500	300,000	6,364,500	5,170,603	18,376	5,188,979	1,175,521
McVey Elementary	2004	723,000	-	723,000	156,505	436,154	592,659	130,341
McVey Elementary	2005	6,506,700	-	6,506,700	5,007,683	885	5,008,568	1,498,132

# SCHEDULE OF CONSTRUCTION PROJECTS

## APPENDIX C

Project Name	Fiscal Year	Original Funding Amount	De-auth Funding Amount	Total Project Funding to Date	Expended Current FY	Expended Prior FY's	Total Project Expended to Date	Total Unspent as of 06/30/06
MacClary Elementary	2005	790,000	-	790,000	440,684	790,000	1,230,684	(440,684)
MacClary Elementary	2006	7,109,300	-	7,109,300	1,050	-	1,050	7,108,250
Autism Program	2005	665,000	-	665,000	581,815	10,199	592,014	72,986
Wilson Elementary	2005	737,500	-	737,500	468,696	737,500	1,206,196	(468,696)
Wilson Elementary	2006	6,638,200	-	6,638,200	-	-	-	6,638,200
Downes Elementary	2005	736,200	-	736,200	459,144	736,200	1,195,344	(459,144)
Downes Elementary	2006	6,625,100	-	6,625,100	-	-	-	6,625,100
Christiana High	2005	1,028,700	-	1,028,700	567,908	1,028,700	1,596,608	(567,908)
Christiana High	2006	9,258,200	-	9,258,200	-	-	-	9,258,200
<b>Total</b>		<b>144,942,400</b>	<b>-</b>	<b>144,942,400</b>	<b>47,933,942</b>	<b>41,021,488</b>	<b>88,955,430</b>	<b>55,986,970</b>
Portable Classrooms								
APP #7319	2003				67,917			
APP #7423	2004				634,170			
APP #7523	2006				130,885			
Total					832,982			
<b>Total FY Additions Per DFMS</b>					<b>48,766,914</b>			

Note: Reconciliation to show how the DFMS total ties into the GAAP package for Construction Work in Progress noted in Finding #06-02.

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# DISTRIBUTION OF REPORT

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Copies of Christina School District's Agreed-upon Procedures Attestation Engagement have been distributed to the following public officials:

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The Honorable Ruth Ann Minner, Governor, State of Delaware  
The Honorable Richard S. Cordrey, Secretary, Department of Finance  
The Honorable Jennifer W. Davis, Director, Office of Management and Budget  
Ms. Trisha Neely, Director, Division of Accounting, Department of Finance  
The Honorable Valerie A. Woodruff, Secretary, Department of Education

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph R. Biden, III, Attorney General, Office of the Attorney General  
The Honorable Jack Markell, Treasurer, State Treasurer's Office

Other

Ms. Dorcell S. Spence, Associate Secretary - Finance and Administrative Services Branch, Department of Education  
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